

## ***Minutes: Policy Subcommittee Meeting***

**Tuesday, March 14, 2000, 1:00 p.m.**  
Salt River Project - 1600 North Priest Dr., Tempe, Arizona 85281

<b><i>Topic</i></b>	<b><i>Lead</i></b>	<b><i>Outcome</i></b>	<b><i>Att.</i></b>
1 Welcome, Intro, Sign-In	Evelyn R. Dryer	Evelyn called meeting to order at 1:10PM and the members introduced themselves.	1
2 Review Minutes of February 29, 2000 Meeting	Evelyn R. Dryer	Minutes for the February 29, 2000 and March 7, 2000 meetings were accepted.	
3 Review Issue List	Evelyn R. Dryer	No new issues.	
4 Discuss Specific Items from Issue List:	Evelyn R. Dryer	Discussed ACC Rule 1612.N as it relates to Issue #18, i.e., why does service providing entity list all items on bill when entity does not provide that particular service?	
A. #28, #36, #56: Discuss position paper and possible rules change(s) and/or waivers. What is ACC Staff interpretation of subcontracting?		A. Discussed waiver in favor of Alternative #1 of Position Paper. APS and TEP do not agree with Alternative #2 of Position Paper. Alternative #3 of Position Paper should not require rule change, instead change to CC&Ns and MSP Qualifications Documents.	
B. #32, #44, #54:			
a) UDCs to discuss review options of leasing, long-term payment plan, etc. and discuss why they are against ownership of PT, CT, VT.		b. a) Payment plan and leasing were discussed. TEP and APS stated that PTs, CTs, and VTs are part of metering system, therefore, do not want ownership below 25kV. TEP and APS want to retain ownership above 25kV for safety reasons. Question posed - Should definition in ACC Rules of "Distribution Primary Voltage" be changed?	
b) Parties are to bring any knowledge of what is done for these type issues in California and what are pros/cons of California model.		b) In California, PTs, CTs, and VTs are considered part of distribution system and are owned by UDC. Few problems have been experienced with this arrangement.	
c) Parties shall be prepared to state which of the following they prefer for rule ACC Rule 1612.K.10 and explain why:		c) APS and TEP stated that change in their approved tariffs to retain ownership down to 600 volts is possible. Will check with appropriate personnel at each company. APS and TEP to report how many customers would be effected.	
i) Leave rule as is		d) The "may" in ACC Rule 1612.K.10 was placed because originally all the parties wanted ownership and Staff wanted to insure that no other entity could own the CTs, PTs, and VTs. Staff had not considered that no entity would want ownership and who, of the three possible entities, would decide ownership.	
ii) State that UDC "shall" own (CT, PT, VT)			
iii) State that UDC "shall not" own		C. This may not be an issue. Priority has been changed to "3" and will be discussed at a later date.	
iv) State that UDC "may own, at the discretion of the customer"			
d) What is ACC Staff interpretation of Rule 1612.K.10?			
C. #38: Metering Subcommittee will report			

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|---|--|-----------------|--|---|
| 5 | Evelyn to develop joint waiver request for GMT for discussion. | Evelyn R. Dryer | Waiver template was not available. Evelyn will have waiver template completed by March 21, 2000 meeting.   |   |
| 6 | Items for Next Agenda  | Evelyn R. Dryer | Please see Attachment #2 to these minutes for details.   | 2 |
| 7 | Meeting Evaluation   | Evelyn R. Dryer | No discussion.   |   |
| 8 | Adjourn  | Evelyn R. Dryer | Meeting was adjourned at 4:20PM. <b><i>BEFORE MEETING WAS ADJOURNED, EVELYN INFORMED MEMBERS THAT NO MEETINGS WOULD BE HELD ON APRIL 4, 2000 AND APRIL 11, 2000.</i></b> |   |

Attachment 1- Policy Subcommittee

**ARIZONA PROCESS STANDARDIZATION WORKING GROUP**  
**Policy Subcommittee**  
**March 14, 2000 Attendance List**

Subcommittee Meeting Attendees	Organization
Mollon, Janie	New West Energy
Gallo, John	Salt River Project
Castillo, Renee	Salt River Project
Aguayo, Stacy	Arizona Public Service (APS)
Olea, Steve	Arizona Corporation Commission
Scarbrough, Stacy	APS
Wontor, Jim	APS Energy Services
Sorensen, Trisha	Facilitator
Renfro, Shirley	Pinnacle West
Bertling, Priscilla	City of Mesa
Dryer, Evelyn R.	Tucson Electric Power
Cobb, Anne	Trico Electric Co-op
Wenzel, Ray	Excelergy
Rumolo, David	Grand Canyon State Electric Cooperative Association
Scott, Barry	Sulphur Springs Valley Electric Co-op
Klemstine, Barbara	APS Energy Services

***Agenda:  
Policy Subcommittee Meeting***

**Tuesday, March 21, 2000, 1:00 -5:00 p.m.**  
Salt River Project - 1600 North Priest Dr. Tempe, AZ 85281

	<b><i>Topic</i></b>	<b><i>Lead</i></b>	<b><i>Anticipated Outcome</i></b>	<b><i>Att.</i></b>
1	Welcome, Introductions, Sign-In	Evelyn R. Dryer		
2	Review Minutes of March 14, 2000 Meeting	Evelyn R. Dryer		
3	Review Issue List	Evelyn R. Dryer		
4	Discuss Specific Items from Issue List: A. #28, #36, #56: APS and TEP to discuss waivers to have UDCs provide MSP and MRSP services for non-residential load profile customers (Alternative #1 of Position Paper, Attachment #3). B. #32, #44, #54: a) UDCs to discuss options of leasing and long-term purchase plan of PT, CT, VT. ESPs to provide info regarding long-term purchase plan, i.e., how long, how much, etc. b) APS Energy Services and New West Energy to determine wording changes needed in MSP CC&N. Discuss SRP, TEP and APS service agreements to determine if UDCs are covered from liability perspective. c) APS and TEP to report on possible tariff changes to retain ownership of CTs, PTs and VTs down to 600 volts. ESPs to state whether this tariff change helps. d) APS and TEP to report how many primary metered customers each has. C. #34 & #52.	Evelyn R. Dryer		
5	Evelyn to develop joint waiver template. Possible joint waivers to be discussed: A. GMT B. Modified NERC Holidays C. Items on bill (ACC Rule 1612.N) D. ACC Rule 1615 to allow UDCs to provide MSP and MRSP services to nonresidential load profile customers.	Evelyn R. Dryer		
6	Items for Next Agenda	Evelyn R. Dryer		
7	Meeting Evaluation	Evelyn R. Dryer		
8	Adjourn	Evelyn R. Dryer		

*Current Situation:*

Currently the ACC Competition Rules (R14-2-1615) provide that UDCs cannot provide competitive metering services beyond 2000 except for load profiled residential customers. Cooperatives are not subject to the provisions of R14-2-1615 unless they offer competitive electric services outside of its service territory. Arizona appears to be one of the few states to elect to prohibit the UDCs from providing these services. Attached is a summary of the provisions that various states have adopted.

*Issues:*

With the slow start of competition in Arizona, there will be insufficient customers going direct access to provide enough of a market for MSPs to have a local presence in Arizona. Therefore, MSPs must travel from California primarily to do work in Arizona. This increases the cost for meter installations and ongoing maintenance. For reliability and emergency situations ESPs can you use the UDCs. The Commission has approved tariffs for both APS (Schedule #1) and TEP (Terms and Conditions) that allow for this in these situations. Essentially approvals of these tariffs by the Commission have provided for waivers from the Rules for both TEP and APS. Additionally, the Rules prohibit an UDC from providing metering services for non-residential load profiled customers. These customers do not need a new meter to go to direct access. The cost of installing a new meter and equipment to read remotely would prohibit them having access to the market.

*Objectives:*

Balance the objective of reducing the costs of metering services until such time that there are sufficient customers in the direct access market to support full-time MSP employees locally in Arizona without seriously compromising the long term goal of a competitive metering market.

*Alternatives/Justification:*

1. **Allow the UDCs to provide metering services (MSP & MRSP) for non-residential load profiled customers. (Would require a Rule Change to 1615 or Waiver.)**

Residential and non-residential load profiled customers should not be distinguished differently. UDCs were permitted to provide metering services to residential customers to protect them and lower the transaction costs associated in choosing an alternative provider. Small commercial customers also need that protection and cost reduction to make direct access a viable alternative for them.

2. **Allow the UDCs to provide metering services (MSP only) for interval metered customers until December 31, 2003. Specifically, UDCs should be able to provide labor to the ESPs and procure equipment on their behalf. Ownership of the meter, PTs and CTs would remain as in the existing Rules. Since labor is a direct pass through under traditional cost of service regulation, as an incentive to provide the services, the UDCs could be allowed to reasonably mark up the services. (Would require a Rule Change to 1615 or a Waiver.)**

Since interval meters will be read remotely MRSPs should be able to adequately provide services to ESPs regardless of the actual number of customers that go DA. However, a local presence is needed for MSPs to reduce the cost of installing and maintaining meters and associated equipment. By 2004, hopefully there will be

a sufficient market to financially support MSPs to maintain a business in Arizona. Reducing the transaction cost for a customer to go DA will help the development of the competitive market and effectively allow for more customers to have choice.

3. **Modify Staff interruption of the Rules, such that, certificated MSPs and MRSPs can subcontract with a non-certificated entity to provide services. Permitted, as long as an ESP is financially and technically responsible for that sub-contractor's performance "as their agent" and their compliance with the Rules. ( Rule change necessary? – Staff to Address)**

*Subcontracting is a way of doing business today. Subcontracting can provide an alternative way to do business in Arizona to reduce the transaction costs of being physically located in another state. The ESP assumes all liability for the agent acting on their behalf. Agent must meet the technical qualifications required by the Rules.*

State	Metering Services Competitively Unbundled	Competitive Metering Services Provided by the UDC
Arizona –Investor Owned	Yes	No, beyond 2000 with the exception of the Cooperatives in certain circumstances.
Arizona – Public Power	Yes	Yes
California	Yes	Yes
Pennsylvania PECO	Yes, after the phase-in?	Yes
Nevada	Yes	No
New York	Yes	Yes
New Jersey	Yes, after the 1 <sup>st</sup> year	Yes?
Maryland	Yes, beginning in 2002	Yes.